

**Arizona Department of Transportation
Aeronautics Division
LGIP Accounts for Reimbursable Grants**

April 2008

Pursuant to ARS Section 28-8202 State Aviation Fund and Section 28-8242 Powers and Duties (Aeronautics Division), the Arizona Department of Transportation, Aeronautics Division issues reimbursement grants to public airport sponsors for development of their respective airport facilities. These types of grants are issued frequently throughout a year and generate numerous payment warrants to each sponsor. In FY 2007, 38 airport sponsors with over 240 active grants generated 515 reimbursement requests totaling approximately \$12,243,420. Processing these important requests in a timely fashion is one of Aeronautics' top priorities.

Electronic transfer of funds from the State Aviation Fund to sponsors is the goal for this new program. Through the State Treasurer's Office, special accounts in the "Local Government Investment Pool" (LGIP) can be set up in the name of a sponsor and Aeronautics Division to transfer approved reimbursement requests electronically. These accounts are currently used by Cities, Towns and Counties for joint roadway and highway projects. Aeronautics will use this existing "Pool" to establish these new airport development accounts.

Initially, Aeronautics will select Land Acquisition Grants as candidates for LGIP account formation. Sponsors with these types of grants will receive a set of documents from Aeronautics explaining the details of the program and what must be done by the sponsor. Later in the calendar year, Aeronautics will authorize the amendment of additional existing grants to allow the use of LGIP accounts. Also, new grants authorized by the State Transportation Board in Fiscal Year 2009 will automatically contain the amendment language allowing sponsors to use this new program.

Because the term of most grants is approximately 3 to 4 years, these LGIP accounts will contain only an amount of funds sufficient to pay the expected expenditures during the current fiscal year. Aeronautics will periodically add funds to these LGIP accounts if and when progress is demonstrated by the sponsor. All interest earned on funds in each account remain in the State Aviation Fund. When a grant is completed, the account will be closed and any remaining funds will be transferred back to the State Aviation Fund.

Essentially, the process will require existing grants to be amended to provide for the use of LGIP accounts and identify both Aeronautics Division and the sponsors as account managers authorized to draw funds from these accounts. Each sponsor will continue to generate a reimbursement request on the current Aeronautics Grant Reimbursement form and include appropriate backup information. When Aeronautics Division has reviewed and approved the request, a message will be sent to the sponsor authorizing them to draw the funds from the account electronically. Aeronautics Division believes this new process will reduce the time it will take for the sponsors to receive their funds by as much as two to three weeks.

Before any sponsor may establish its LGIP/Grant account(s), the existing grant shall be amended to reflect the language shown in Appendix One. Once this grant amendment is completed Aeronautics Division will send directions and sample resolutions to the sponsor for adoption by its governing body. Because these new LGIP accounts are unique to Aeronautics Reimbursement Grants, each sponsor must pass both resolutions shown in Appendices Two and Three.

APPENDIX ONE

Amendment to Exhibit C Sponsor Assurances AIRPORT DEVELOPMENT REIMBURSABLE GRANT AGREEMENT

The following is a complete version of the “Financial” section of the Sponsor Assurances. The first paragraph (italicized) is the added paragraph representing the amendment permitting the use of LGIP accounts.

Financial

Pursuant to A.R.S. 35-326 and 41-177, the Sponsor may elect to utilize the Local Government Investment Pool (“LGIP”) maintained by the State Treasurer. The Sponsor shall request written approval from the State to use the LGIP. Thereafter, the State may deposit the funds authorized by the grant into the Sponsor’s account. Only after approval of a sponsor’s grant reimbursement request by the State shall the funds be disbursed through the LGIP account to the Sponsor. The disbursements shall be made pursuant to the applicable laws and regulations.

The Sponsor shall establish and maintain for each Project governed by this Agreement, an adequate accounting record to allow State personnel to determine all funds received (including funds of the Sponsor and funds received from the United States or other sources) and to determine the eligibility of all incurred costs of the Project. The Sponsor shall segregate and group project costs in the following costs classifications:

- 1) Engineering services costs (as applicable), including topographic surveys/mapping, geometric design, plans preparation, geotechnical and pavement design, specifications, contract documents.
- 2) Construction costs (as applicable).
- 3) Construction administration costs (as applicable), including contract administration, inspection/field engineering, materials testing, construction staking/as-built plans and other.
- 4) Sponsor administrative costs directly associated with this Project (calculated as not to exceed 5% of project costs).
- 5) Costs of force account contribution (if applicable).
- 6) Other/Contingencies (typically not to exceed approximately 10% of construction costs).

APPENDIX TWO

(Sample)

RESOLUTION AUTHORIZING INVESTMENT IN LOCAL
GOVERNMENT INVESTMENT POOL (LGIP)
FOR AN AVIATION FUND GRANT

WHEREAS, local governments in Arizona are authorized to participate in a Local Government Investment Pool (LGIP), established pursuant to Arizona Revised Statutes 35-326 and 41-177 operated by the State Treasurer of Arizona; and,

WHEREAS, _____ desires to participate in the LGIP for their ADOT Aeronautics Airport Development Grant E_____; and,

WHEREAS, _____ agrees to abide by the conditions set forth in said Grant agreement for the use of an LGIP Account;

NOW THEREFORE BE IT RESOLVED THAT _____ does hereby authorize the deposit and withdrawal of monies in the LGIP operated by the State Treasurer of Arizona in accordance with Arizona Revised Statutes 35-326 and 41-177.

Passed and adopted by the _____, State of Arizona, on this _____ day of _____, 20_____.

Signature _____

(Sample)

APPENDIX THREE

(Sample)

RESOLUTION AUTHORIZING
OFFICERS/AGENTS TO DEPOSIT, TRANSFER
AND WITHDRAW MONIES IN THE
LOCAL GOVERNMENT INVESTMENT POOL
FOR AN AVIATION FUND GRANT

WHEREAS, _____ has resolved to participate in the Local Government Investment Pool (LGIP) for their ADOT Aeronautics Airport Development Grant E_____ operated by the State Treasurer of Arizona;

NOW THEREFORE LET IT BE RESOLVED that the following officers/agents be authorized to order the deposit, transfer and withdrawal of monies in the LGIP.

Name of Aeronautics Representative

_____ Name	_____ Title	_____ Signature
---------------	----------------	--------------------

Name of Sponsor Representative

_____ Name	_____ Title	_____ Signature
---------------	----------------	--------------------

Name of Sponsor Representative (Alternate if desired)

_____ Name	_____ Title	_____ Signature
---------------	----------------	--------------------

Passed and adopted by the _____, State of Arizona, on
this

_____ Day of _____, 20_____ .

Signature

(Sample)